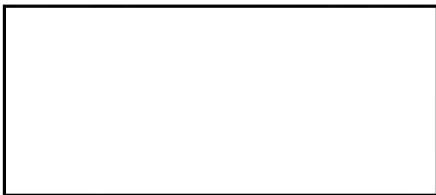


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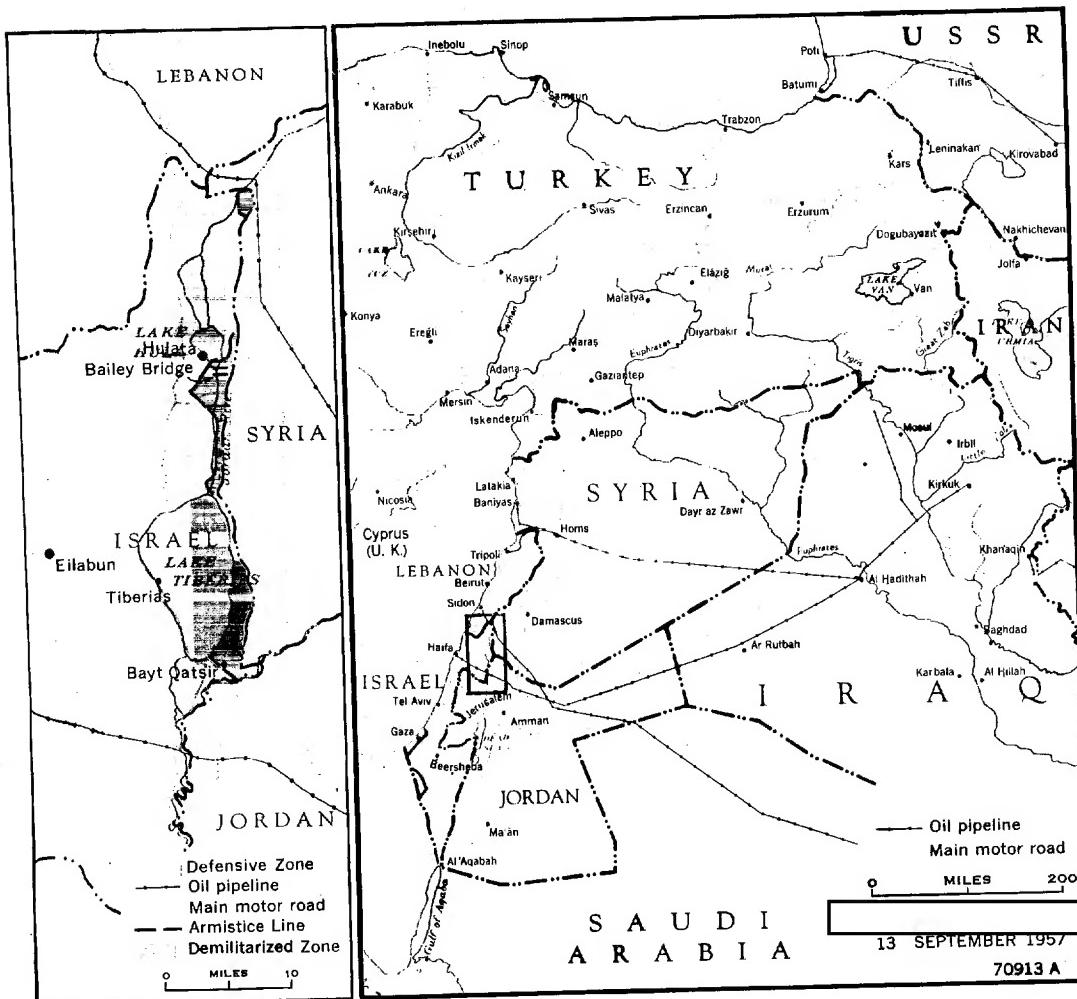
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**2. LIMITED BUILD-UP OF ISRAELI FORCES NEAR
SYRIAN BORDER**

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A limited build-up of Israeli forces within the "defensive zone" along the Israeli-Syrian border coincides with a larger assembly of forces including a reinforced armored-infantry brigade

in the Eilabun maneuver area outside the defensive zone farther to the west. These developments were observed by the American army attaché who made a reconnaissance of Israel's northern military command on 11 September. The



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attaché believes, however, that these movements, along with maneuvers to be held in the Eilabun region on 17 and 19 September, are precautionary.

The attaché's party was prohibited by Israeli military police from proceeding beyond Hulata into the demilitarized zone south of Lake Hula. The army attaché attributes this to an Israeli desire to hide military preparations possibly in the vicinity of the controversial Bailey bridge over the Jordan River. In the opinion of the attaché, the Israeli defense force will maintain a defensive attitude for the present, although, as currently deployed in the Syrian border area, it is capable of limited offensive action.

Comment The Israeli troop movements appear to involve a redeployment of troops already on active duty. Israeli army strength remains at about 55,000, augmented by about 25,000 quasi-military personnel in border settlements.

The Israeli maneuvers scheduled for 17 and 19 September will include a parachute brigade. These exercises and the build-up reported by the attaché are probably directly related to Israel's determination to complete the drainage of Lake Hula by enlarging the Jordan River channel within the demilitarized zone. Syria reportedly has demanded that Israel cease this activity.

The "defensive zone" on either side of the Israeli-Syrian border was established by the armistice agreement of 1949 between the two countries. Under its terms each side is permitted to maintain in the zone only military forces of a specified size and strength. Tanks and armored vehicles are excluded.

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5. BULGANIN NOTE TO TURKEY

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Premier Bulganin's note of 10 September to Turkish Prime Minister Menderes, while suggesting Soviet concern over a possible Turkish attack on Syria, was largely designed to give impetus to Soviet attempts to distract international attention from the UN General Assembly debate on Hungary.

The note charged the West with assigning a "certain role" for Turkey in "the plans to unleash military action against Syria," and expressed "profound alarm" that Turkish leaders apparently favored the alleged plans. It repeated Foreign Minister Gromyko's veiled threat of the same day, asking how the Turks would feel "if foreign troops were being concentrated on their borders."

The note further warned, "in the interests of Soviet state security," of the danger that armed conflict "would not be limited to that area alone," but it avoided committing the USSR to any specific course of action in event of hostilities.

The Turks have been relatively unimpressed by Soviet threats before. The Ankara government has already stated that its planned troop movements are part of "regular" maneuvers and will probably give a routine answer to Bulganin's note. On 13 September, according to press accounts, the Soviet naval attaché and a colleague in Istanbul were accused of espionage and asked to leave Turkey within 48 hours. The Turks will not, however, disregard the note as they weigh the considerations involved in any possible military moves toward Syria.

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7. SOVIET PARTY CENTRAL COMMITTEE PLENUM MAY BE IMMINENT

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[redacted]

Twelve of the 16 Soviet ambassadors abroad who are affiliated with the party central committee are believed to be in Moscow. Their presence in the capital may indicate the convocation of a central committee plenum. Khrushchev and Bulganin have been on vacation since mid-August and if they have not already returned to Moscow, should be returning in a few days.

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[redacted] a plenum was scheduled for August or September to deal with the activity of Soviet trade unions. It seems unlikely, however, that a plenum would be restricted to this question. Khrushchev may also review the results of his talks with Tito and the trips to Czechoslovakia and East Germany and approve personnel assignments in the party and government in connection with the economic reorganization.

More significantly, the meeting might take up the questions of the fate of some of the members of the "anti-party" group and of Bulganin's status. Khrushchev may feel the need to create a new and stronger wave of popular indignation against the opposition, particularly the former adherents of Malenkov. Khrushchev may fear that Malenkov may become a rallying point for new opponents in the future.

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[redacted] such a move may be necessary because many Soviet citizens seem depressed, cynical, and distrustful of the present party leaders.

Khrushchev could go as far as to attack publicly all members of the opposition for complicity in Stalin's crimes and even bring them to trial, but he would run the risk of having his own complicity revealed. A trial would cancel out most of the benefits of his de-Stalinization campaign and could touch off a wave of terror that might be impossible to control. There have been rumors that Khrushchev may be under pressure by the army to set the record straight on the 1930 purge era, and a few purged army leaders have been mentioned favorably recently.

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8. AUSTRIANS PUSH PLAN TO GIVE CREDITS TO
POLAND THROUGH OEEC

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Austrian Foreign Minister Figl has told American officials that he is discussing with "other" countries plans for a multilateral extension of credits

to Poland under OEEC auspices. Bonn has already indicated agreement in principle, according to Figl, and he expects that the question will be raised at the mid-October OEEC ministerial meeting. Figl stressed the relationship of his proposal to the problem of moving Poland closer to the "Western European community."

The Polish trade minister, who was in Vienna on 10 September, is said to have told the Austrians that Warsaw has decided to seek observer status in OEEC and full membership in GATT.

Comment

Figl has in mind using West Germany's huge European Payments Union surplus for credits which, for political reasons, Bonn could not directly offer to Poland. Some Vienna officials hope that Austria can play a vital role in central Europe, and probably expect trade benefits as well from this idea.

Yugoslavia has participated in a limited observer status in OEEC since February 1955, the only Communist country to maintain ties with the OEEC.

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**9. JAPAN APPROVES EXCHANGE OF TRADE MISSIONS
WITH PEIPING**

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The Japanese government has taken a major step toward normalizing relations with Communist China by paving the way for an exchange of permanent trade missions and offering certain diplomatic privileges to five members of the Chinese mission. Tokyo's decision follows increasing pressure from Peiping, which has stressed the possibilities of lucrative trade in order to induce Japan to normalize relations with the mainland.

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There is considerable doubt, even among Japanese, that the Chinese Communists will be able to substantiate their claims on Sino-Japanese trade possibilities because of a shortage of foreign exchange and goods desired by the Japanese.

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10. HATTA SETS CONDITIONS FOR RE-ENTERING
INDONESIAN GOVERNMENT

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[Redacted]

The American ambassador in Djakarta has been reliably informed that former vice president Hatta's conditions for co-operating with President Sukarno call

for the elimination of the National Council, replacement of the present cabinet by a presidential cabinet, and cessation of all "nonconstitutional activities." The ambassador comments that these conditions, submitted at a private meeting between the two leaders on 11 September, are obviously unacceptable to Sukarno. If Hatta persists in his demands, the ambassador sees "no prospect of any present solution of the main problem confronting the conference which everyone agrees is a restoration of the Sukarno-Hatta relationship."

Comment

Hatta's conditions, which he has always maintained, are aimed at the heart of the "guided democracy" program which Sukarno has uncompromisingly put forward as the only solution to Indonesia's problems. The dissident leaders at the national round-table conference are insisting that the Sukarno-Hatta joint leadership be re-established.

The fragmentary and perfunctory accounts of the conference's progress suggest that the deliberations have been inconclusive, and that neither the government nor the disaffected regional leaders have come forward with significant concessions.

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11. THAI ARMY CHIEF DEMANDS PHIBUN'S RESIGNATION

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[Redacted]

Thai Army Commander in Chief Sarit has demanded that Premier Phibun resign and that a new leader be elected "according to established constitutional procedure." He also called on General Phao to resign as chief of police.

The American army attaché has been reliably informed that the premier has indicated he would not quit under duress.

[Redacted]

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Comment

Sarit could bring about the downfall of Phibun's government through a no-confidence vote in the assembly. However, the assembly is not scheduled to meet until next Thursday and he may fear delay. In refusing to resign, Phibun is probably calculating that Sarit will not resort to a military coup to achieve his aims.

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12. VIOLENCE IN ECUADOR THREATENED BY FORMER
PRESIDENT'S RETURN

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The Ecuadoran government may be threatened by widespread violence developing from extensive public demonstrations planned for former president

Velasco's return to Guayaquil about 14 September.

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the left-
ist but non-Communist Concentration of Popular Forces-- the strongest opposition party, headed by demagogic Carlos Guevara--is cooperating in demonstration plans designed to test public reaction for an attempt against the government. Furthermore, the Ecuadoran ambassador to the United States advised Ambassador Ravndal on 12 September that Velasco had substantial support among the military and was returning for the sole purpose of overthrowing President Ponce by revolution.

Ponce's regime, which has become increasingly more stable since its inauguration last September, is believed to retain the loyalty of the key officers in the armed forces and has taken measures to cope with possible disturbances. The government's security problem is complicated by a strike at an American-owned oil company near Guayaquil which Communists are attempting to spread. The anti-Ponce and Communist-oriented Confederation of Ecuadoran Workers--the nation's principal labor organization--may also attempt to move against Ponce by calling a general strike. Its national congress opens in Guayaquil on 17 September.